

ACCA Fundamentals Level

Paper F1

Accountant in Business

Course Test 1

Question Paper	
Time allowed	2 hours
ALL FIFTY questions are compulsory and MUST be attempted	

Instructions:

Please attempt this exam under test conditions and attach the frontsheet complete with your name and address to your script. The completed package should be sent to BPP Professional Education.

Take a few moments to review the notes on the inside of this page titled, 'Get into good exam habits now!' before attempting this exam.

DO NOT OPEN THIS PAPER UNTIL YOU ARE READY TO START UNDER EXAMINATION CONDITIONS

ACF1CT08(J)

AC18 – F1(CT1)

ALL FIFTY questions are compulsory and MUST be attempted

Please write your answer on lined paper with one answer per line

1 Which of the following provides an example of a 'boundary' separating an organisation from its environment?

- A A divisional structure
- B Systems and procedures
- C Factory gates
- D Recruitment policy

(2 marks)

2 Which of the following would NOT be a duty of a committee secretary before a meeting?

- A Communicating decisions
- B Fixing the date and time of the meeting
- C Choosing and preparing the location of the meeting
- D Preparing and issuing various documents

(2 marks)

3 What kind of information would be found at the 'tactical level' in a finance information system?

- A Sources of funds for borrowing
- B Bank reconciliations
- C Cash flow forecasts
- D All of the above

(2 marks)

4 Which one of the following is the main business benefit of the informal organisation?

- A Social networking
- B Knowledge sharing
- C Getting work done more quickly
- D Prompt communication of company policies

(2 marks)

5 What is Schein's 'third level' in determining culture?

- A Behaviour
- B Attitudes
- C Values and beliefs
- D Assumptions

(2 marks)

6 Which of the following is a connected stakeholder?

- A Professional body
- B Employee
- C Supplier
- D Manager

(2 marks)

- 7 An approach to ethics which is primarily designed to ensure that the company acts within the letter of the law is known as

Which word correctly completes this sentence?

- A Compliance-based
- B Integrity-based
- C Whistle-blowing

(1 mark)

- 8 What is a possible symptom of board members losing touch with their shareholders?

- A Concealment of problems or errors
- B Manipulation of accounts
- C Not carrying out necessary questioning of senior management
- D Payment of excessive remuneration packages

(2 marks)

- 9 Which of the following areas is usually covered by company legislation and corporate governance arrangements?

- A Pollution control
- B Directors and their duties
- C Unfair dismissal
- D Safety procedures

(2 marks)

- 10 Why is the study of population relevant for all types of business?

- A An ageing population is less likely to buy new products
- B It affects demand for services
- C It affects an organisation's supply of labour
- D A declining population is a sign of a declining economy

(2 marks)

- 11 What does the term 'information market' refer to?

- A The transfer of information between networks and systems can be carried out
- B Systems are likely to be superseded by newer ones
- C Any user can share or exchange information
- D Information is a commodity which can be bought, sold or exchanged

(2 marks)

- 12 When a country is in deficit, it is more goods and services that it is

Which words, in correct order, correctly complete this sentence?

- A Exporting; importing
- B Importing; exporting
- C Buying; selling

(1 mark)

13 The strength of the threat of a new entrant into an industry can depend on?

- A The price awareness of consumers
- B The likely response of existing competitors to the new entrant
- C How much the customer buys
- D How critical the product is to the customer

(2 marks)

14 What is an 'employee report'?

- A An analysis of recruitment figures
- B A productivity assessment
- C A disciplinary procedure
- D Financial information for issue to employees

(2 marks)

15 Which of the following is a key objective of the International Accounting Standards Board (IASB)?

- A convergence of national accounting standards
- B abolishing national accounting standards
- C oversight of national accounting standards
- D none of the above

(2 marks)

16 Which of the following is output from a purchase ledger system?

- A A list of advances of employee pay
- B An analysis of expenditure
- C Aged receivables listing
- D Those individuals who can authorise particular expenses

(2 marks)

17 What is 'the purchasing mix'?

- A Quantity, price, supply, demand
- B Quantity, quality, demand, cost
- C Quantity, price, quality, delivery
- D Quantity, cost, demand, delivery

(2 marks)

18 The 'middle line' in Mintzberg's organisation diagram consists of those people directly involved in obtaining inputs and converting them into outputs.

Is this statement true or false?

- A True
- B False

(1 mark)

19 Which of the following best describes a 'standing committee'?

- A It is formed to deal with routine business delegated to it on a permanent basis
- B One with the power to govern or administer
- C Formed to co-ordinate the activities of two or more committees
- D Appointed to relieve the parent committee of some of its routine work

(2 marks)

- 20 Which of the following attitudes reflects a marketing orientation?
- A 'Customers will buy whatever we produce'
 - B 'Add more features to the product'
 - C 'Customers must be persuaded to buy'
 - D 'Determine the needs, wants and values of our target market'

(2 marks)

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- 21 The term is often used to describe the process of gathering external information.

Which phrase correctly completes this sentence?

- A Environmental scanning
- B SWOT analysis
- C Data capture

(1 mark)

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- 22 Which of the following features typifies a 'role culture' within an organisation?

- A Capable of adapting quickly to meet change
- B Power and influence stems from a central source
- C A formal structure, operated by well-established rules
- D Best suited to smaller entrepreneurial organisations

(2 marks)

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- 23 What does the 'informal organisation' consist of?

- A Social relationships
- B Casual communication networks
- C Behavioural norms
- D All of the above

(2 marks)

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- 24 Why can conflict between stakeholders be quite common?

- A Different shareholders will have different risk/return profiles
- B Managers do not need to take their views into account
- C Their interests will generally be widely different
- D All of the above

(2 marks)

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- 25 What does 'reliability' specifically mean in the context of professional ethics for you as an accountant?

- A Clients are confident that your work meets professional standards
- B You produce work within a specified time frame
- C You conduct yourself with consideration
- D You develop constructive relationships

(2 marks)

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- 26 Most corporate governance reports acknowledge the importance of having a significant presence of accountants on the board.

- A True
- B False

(1 mark)

27 How is 'structural unemployment' caused?

- A Long-term changes occur in the conditions of an industry
- B Strong trade unions resist a fall in their wages
- C The demand for labour fluctuates throughout the year
- D There is difficulty in matching workers with jobs.

(2 marks)

28 Which of the following is NOT a potential disadvantage of outsourcing?

- A An organisation may find itself locked in to an unsatisfactory contract
- B There is no onus upon internal management to keep up with new developments
- C Certain functions may be too important to be contracted out
- D There is often a long-term contract where services are specified for a fixed price

(2 marks)

29 Which of the following could be found as a feature of an organisational health and safety policy?

- A Employees' medical assessments
- B Detailed instructions on how to use equipment
- C The company mission statement
- D An analysis of employee benefits in kind, including private health care

(2 marks)

30 Which of the following is NOT a factor when considering social class?

- A Educational attainment
- B Inherited wealth
- C Number of children
- D Status

(2 marks)

31 Value in Michael Porter's value chain are the means by which a firm creates value in its products.

Which word correctly completes this sentence?

- A Inputs
- B Activities
- C Promotions

(1 mark)

32 Why are the accounting statements drawn up by a management accountant often prepared and presented very differently from those of the financial accountant?

- A They are mainly interested in reporting to external parties
- B They are not concerned with policy or decision making
- C They do not need to comply with company law or accounting standards
- D They do not need to be done on a regular basis

(2 marks)

33 A database is:

- A a transactions processing system
- B a management information system
- C a decision support system
- D a pool of data that can be used by a variety of users

(2 marks)

- 34 When there is an input to X Ltd's invoicing module, authorising the despatch of an invoice to a customer, there are automatic links to the sales ledger which then updates the customer's account.

This is a feature of what type of system?

- A Database management system
- B Internal control system
- C Executive information system
- D Integrated accounting system

(2 marks)

- 35 Delaying is the reduction in the number of management levels from bottom to top. As a result, organisations are decreasing the average span of control.

Is this statement true or false?

- A True
- B False

(1 mark)

- 36 What is the usual intention behind a research and development function?

- A To improve products or processes
- B To attract resources and funding
- C To provide employee training
- D To understand buyer behaviour

(2 marks)

- 37 Which of the following is regarded as a primary stakeholder?

- A One who is more strategically important than others
- B The government
- C One who has a contractual relationship with the organisation
- D An external stakeholder

(2 marks)

- 38 Committees are a key part of organisational processes.

Which word best completes this sentence?

- A Communication
- B Payroll
- C Training

(1 mark)

- 39 What is the mission of the International Federation of Accountants (IFAC)?

- A To make all accountants responsible for their judgements and decisions
- B To attract resources and funding for accountancy research
- C To provide appropriate training for accountancy practitioners
- D To develop high standards for professional accountants, and enhance the quality of their services

(2 marks)

40 Good corporate governance suggests that director's remuneration should be set:?

- A by a committee of the other executive directors
- B by a remuneration committee of non-executive directors
- C by a committee of shareholders
- D by the board of directors

(2 marks)

41 Why does unemployment result in loss of output?

- A Unemployed people earn less than employed people
- B Unemployed labour will gradually lose its skills, and ability to contribute to production levels
- C Unemployment brings social problems
- D The economy is not producing as much as it could, because the potential labour force is not fully utilised

(2 marks)

42 What does Porter analyse the micro environment into?

- A Generic competitive factors
- B Five competitive forces
- C PEST factors
- D Product/market strategies

(2 marks)

43 Buying behaviour is an important aspect of marketing. What is an inhibitor?

- A An individual's personality
- B A factor that makes a person less likely to purchase something
- C An individual's social class
- D An individual's culture

(2 marks)

44 For information to be cost beneficial, it should cost to obtain it, when compared with the benefit obtained from using it.

Which word best completes this sentence?

- A The same
- B More
- C Less

(1 mark)

45 Which of the following provides an example of 'ad-hoc' outsourcing?

- A Employing programmers on a short-term contract
- B Ongoing website management
- C A third party owns or is responsible for equipment and staff
- D Contractual hardware maintenance

(2 marks)

46 Which of the following is related to inbound logistics?

- A Warehousing of raw materials
- B Warehousing of finished goods
- C Delivery vehicles
- D Advertising

(2 marks)

47 'The usefulness of information is reduced if it does not appear until long after the period to which it relates.'

To which feature of good accounting information does this sentence relate?

- A Reliability
- B Objectivity
- C Timeliness
- D Relevance

(2 marks)

48 How is 'true and fair view' generally defined for practical purposes?

- A Managers have promised that the accounts are correct
- B The accounts have been produced with the best intentions
- C All statements are honest and unlikely to deceive
- D The accounts are accurate and not misleading

(2 marks)

49 In order for the purchase of a non-current asset to be processed, what documents must the manager of the department which requires the asset firstly fill out?

- A Goods Received Note (GRN)
- B Purchase requisition
- C Company cheque
- D Order form

(2 marks)

50 A 'task culture' is given the name 'Athena' by Charles Handy.

Is this statement true or false?

- A True
- B False

(1 mark)

End of Question Paper

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Course Test 1

Suggested solutions

Answers

- 1 C Boundaries might be physical or social **(Chapter 1)**
- 2 A This would be done after the meeting **(Chapter 1)**
- 3 C Information at this level is for the purpose of helping middle managers to 'monitor and control' **(Chapter 2)**
- 4 B The availability of information through informal networks can give employees a wider perspective on their role in the task and the organisation. The other distracters refer to less 'official' roles for the informal network **(Chapter 3)**
- 5 D These are the unspoken rules which 'programme' ways of thinking and behaving, without being consciously recognised **(Chapter 3)**
- 6 C The others are either external or internal **(Chapter 3)**
- 7 A This approach aims to ensure that the company complies with the law, and so employee discretion is reduced **(Chapter 4)**
- 8 D The other options reflect either an emphasis on short term results, or a lack of independent scrutiny **(Chapter 5)**
- 9 B All of the other options are covered by other areas of the law or other forms of regulation **(Chapter 5)**
- 10 C The other options are either inaccurate or not necessarily applicable to *all* businesses **(Chapter 6)**
- 11 D There has been a growing realisation that information is a resource and that it has many of the characteristics of any other resource **(Chapter 7)**
- 12 B Answer A is the wrong way round and C is not specific enough. **(Chapter 6)**
- 13 B The other distracters are features of customer bargaining power **(Chapter 7)**
- 14 D These reports are entirely voluntary **(Chapter 8)**
- 15 A Convergence is an objective of the IASB with a view towards global accounting standards **(Chapter 8)**
- 16 B This may be produced every time the system is run or at the end of each month. The other options relate to other systems or controls **(Chapter 8)**
- 17 C Purchasing is defined as 'the acquisition of material resources and business services for use by the organisation' **(Chapter 1)**
- 18 B The middle line converts the aims of the strategic apex into the work done by the operating core **(Chapter 1)**
- 19 A The other options describe executive committees (B); joint committees (C) and sub-committees (D) **(Chapter 1)**
- 20 D The other options do not emphasise the wants of the customer as the primary driver **(Chapter 1)**
- 21 A Such information is available from a wide range of sources in the external environment **(Chapter 7)**
- 22 C The other options all relate to a 'power' culture **(Chapter 3)**
- 23 D When people work together, they establish social relationships and customary ways of doing things **(Chapter 3)**
- 24 C Option A refers only to *shareholders*, & option B is inaccurate **(Chapter 3)**

- 25 A Option B relates to 'timeliness'; Option C to 'courtesy'; Option D to 'respect' **(Chapter 4)**
- 26 B Most reports want to see a significant number of *non-executive directors* on the board **(Chapter 5)**
- 27 A Structural unemployment is caused by long term changes in an industry. Option B describes real wage unemployment; Option C describes seasonal unemployment; Option D describes frictional unemployment **(Chapter 6)**
- 28 D This feature is more likely to be an advantage, particularly from the point of view of cost control **(Chapter 7)**
- 29 B The other options are not suitable for inclusion in such a policy, either because they are confidential or not relevant **(Chapter 7)**
- 30 C Some classes have advantage over others in certain areas. Option C does not specifically reflect social class **(Chapter 7)**
- 31 B Activities incur costs, and, in combination with other activities, provide a product or service which earns revenue **(Chapter 7)**
- 32 C The other options are plainly inaccurate **(Chapter 8)**
- 33 D A database is a pool of data used by many users. **(Chapter 2)**
- 34 D In such a system, each module may be integrated with others, so that data entered in one module will be passed automatically (or by simple operator request) into any other module where the data is of some relevance **(Chapter 8)**
- 35 B A lower number of management levels will mean that spans of control will have to increase as organisations become flatter **(Chapter 1)**
- 36 A R&D should support the organisation's strategy, and be closely co-ordinated with marketing **(Chapter 1)**
- 37 C The primary stakeholder category thus includes internal and connected stakeholders **(Chapter 3)**
- 38 A They can be used to exchange ideas and get feedback before a decision is taken, or to inform managers **(Chapter 1)**
- 39 D IFAC is an international body representing all the major accountancy bodies across the world **(Chapter 4)**
- 40 B One of the roles of non-executive directors is to set remuneration packages for executive directors so that they are seen to be fair and power is not abused by directors setting their own pay **(Chapter 5)**
- 41 D Total national income is less than it could be when there is unemployment **(Chapter 6)**
- 42 B The micro (or task) environment includes those areas which have a direct impact on the organisation, such as its ability to acquire raw materials, its competitors and its customers **(Chapter 7)**
- 43 B The others are behavioural determinants **(Chapter 7)**
- 44 C The other options are plainly inaccurate **(Chapter 2)**
- 45 A Ad-hoc outsourcing will occur when the organisation has a short-term requirement for increased skills **(Chapter 7)**
- 46 A Inbound logistics is the activity in the value chain related to receiving and storing raw materials. **(Chapter 7)**

- 47 C Information must be produced at regular intervals and in sufficient time for it to be useful for management (**Chapter 2**)
- 48 D While true and fair view is not defined in company law or accounting standards, this is generally taken to be its meaning (**Chapter 8**)
- 49 B As most non-current assets are relatively expensive, this will probably have to be authorised by more senior management. Once the requisition has been authorised the purchasing function will then find the most appropriate supplier for the asset (**Chapter 8**)
- 50 A Charles Handy referred to a task culture as “Athena” (**Chapter 3**)